

WBRH RADIO STATION TRAINING PROGRAM

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

WBRH RADIO STATION TRAINING PROGRAM

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	3-4
Management's Discussion and Analysis	5-8
Basic Financial Statements:	
Statement of Net Position	9-10
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	11-14
Notes to the Financial Statements	15-21
Required Supplemental Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual	22-23
Schedules:	
Summary Schedule of Findings	24
Summary Schedule of Prior Year Findings	25
Schedule of Cash Flows	26

ROY HEBERT
CERTIFIED PUBLIC ACCOUNTANT

7938 GOODWOOD BOULEVARD
BATON ROUGE, LOUISIANA 70806-7629
(225) 927-7555
(225) 927-7556 FAX
ROYABEAR@BELLSOUTH.NET

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members and Management of the
East Baton Rouge Parish School Board
Baton Rouge, Louisiana

I have audited the accompanying financial statements of WBRH Radio Station Training Program as of and for the year ended June 30, 2013 (a special revenue fund of the East Baton Rouge Parish School Board), herein referred to as WBRH, which comprise the Organization's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity of WBRH Radio Station Training Program as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 8 and 22 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Baton Rouge, Louisiana
December 19, 2013

ROY HEBERT
CERTIFIED PUBLIC ACCOUNTANT

7938 GOODWOOD BOULEVARD
BATON ROUGE, LOUISIANA 70806-7629
(225) 927-7555
(225) 927-7556 FAX
ROYABEAR@BELLSOUTH.NET

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Members and Management of the
East Baton Rouge Parish School Board
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of WBRH Radio Station Training Program (a special revenue fund of the East Baton Rouge Parish School Board, hereinafter referred to as WBRH, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise WBRH Radio Station Training Program's basic financial statements, and have issued my report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered WBRH Radio Station Training Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WBRH Radio Station Training Program's internal control. Accordingly, I do not express an opinion on the effectiveness of WBRH Radio Station Training Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal

control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WBRH Radio Station Training Program's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information of WBRH Radio Station Training Program, management of WBRH Radio Station Training Program, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to be 'C. H. H.', is written over the printed text of the location and date.

Baton Rouge, Louisiana

December 19, 2013

**WBRH RADIO STATION TRAINING PROGRAM
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Our discussion and analysis of WBRH Radio Station Training Program's (hereafter referred to as WBRH) financial performance provides an overview of WBRH's financial activities for the fiscal year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2013, WBRH's net position increased by \$141,043, and resulted in ending net position of \$607,346, or an increase of 30.2 percent.

Total spending for the governmental activity was \$376,210 for the year, which was \$141,043 less than the revenues and the contributions received for this activity, \$517,253.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities found on pages 9 and 11-12 provide information about the financial activities of WBRH and illustrate a longer-term view of WBRH's finances. Fund financial statements are also on pages 9 and 11-12. For governmental type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report WBRH's operations in more detail than the government-wide statements by providing information about WBRH's significant fund.

WBRH's independent auditor attests in his report that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditor's report.

REPORTING WBRH AS A WHOLE, THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

Our analysis of WBRH as a whole begins on page 9. These statements help to illustrate the status of WBRH resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

WBRH's net position is determined by examining the difference in assets and liabilities. The two statements report WBRH's net position and any changes in it. Examining WBRH's net position is an effective way to determine the financial status of WBRH. Increases and decreases in net position are indicators of WBRH's overall increasing or decreasing financial performance.

In the Statement of Net Position and the Statement of Activities, WBRH reports only governmental type activities. The majority of WBRH's activities are of this type, and taxes and contributions finance most of the activities.

REPORTING WBRH'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS

The analysis of WBRH's major fund begins on page 9. The fund financial statements provide detailed information about the most significant fund rather than WBRH as a whole.

WBRH uses a governmental type fund. Most of WBRH's services are reported in this governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of WBRH's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance WBRH's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation on the fund financial statement.

WBRH AS A WHOLE

BUSINESS-TYPE ACTIVITY

WBRH's net position increased \$141,043 as a result of this year's operations resulting in ending net position of \$607,346, or an increase of 30.2 percent. The balance in net position represents the accumulated results of all past years' operations. Unrestricted net position (the part of net position that can be used to finance daily operations without legal restrictions or obligations) changed from a \$54,682 surplus to a \$75,889 surplus at year end. WBRH can use these funds to finance the continuing operations of the office. This means that if we had to pay off all of our bills today, we would have \$75,889 left.

Table 1
Net Position

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 80,800	\$ 62,177
Capital assets	<u>531,457</u>	<u>411,621</u>
Total assets	<u>\$ 612,257</u>	<u>\$ 473,798</u>
Other liabilities	<u>4,911</u>	<u>7,495</u>
Total liabilities	<u>4,911</u>	<u>7,495</u>

Net position:

Invested in capital assets	531,457	411,621
Unrestricted	<u>75,889</u>	<u>54,682</u>
Total net position	<u>\$ 607,346</u>	<u>\$ 430,386</u>

WBRH's total revenues for the year increased \$70,246 or 15.7 percent. Revenues included \$245,840 of in-kind support and on-behalf payments from the East Baton Rouge Parish School Board, \$74,659 in memberships and contributions, \$65,828 in underwriting, \$124,697 in grant income, and \$6,229 in other income. The total cost of all programs and services was \$379,902 with no new programs added this year.

Table 2
Changes in Net Position

	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues	\$ 517,253	\$ 447,007
Other revenues	<u>-</u>	<u>-</u>
Total revenues	<u>517,253</u>	<u>447,007</u>
Program expenses		
Total expenses	<u>376,210</u>	<u>411,091</u>
Increase (decrease) in net position	<u>\$ 141,043</u>	<u>\$ 35,916</u>

WBRH'S FUNDS

As previously mentioned, WBRH uses funds to help control and manage money for particular purposes. At the completion of the year, WBRH's governmental fund reported a fund balance of \$75,889. This reflects an increase of \$21,207 from last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

WBRH's budget was not revised during the last year.

The actual expenditures were \$36,504 more than the budgeted amounts.

The resources available for expenditure were \$44,700 more than the budgeted amounts.

WBRH's General Fund balance of \$75,889 reported on page 12 differs from the General Fund's budgetary fund balance of \$67,693 reported in the budgetary comparison schedule on page 22.

CAPITAL ASSETS

At the end of the year, WBRH has \$531,457 invested in capital assets, including broadcasting equipment, furniture and fixtures, and office equipment. This year there were substantial additions and some disposals

during the year. More detailed information about WBRH's capital assets is presented in Note 3 of the financial statements.

Table 3
Capital Assets at Year-end
(Net of Accumulated Depreciation)

	<u>2013</u>	<u>2012</u>
Broadcast equipment, furniture and fixtures, and office equipment	<u>\$ 531,457</u>	<u>\$ 411,621</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Because the station's location was split between its temporary home for the last two years and its new, permanent location, the 2012-2013 fiscal year was a challenge on many fronts including the education of the students in our program, logistics, and the interruption of our fundraising efforts. In addition, the station was short staffed due to the illness of a key employee. The fiscal year 2013-2014 should see a return to normal operations in all of these areas.

CONTACTING WBRH'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of WBRH's finances and to show WBRH's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Larry Davis, Station Manager, 2825 Government Street, Baton Rouge, Louisiana 70806.

WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2013

	Special Revenue Fund	Adjustments*	Statement of Net Position
<u>ASSETS</u>			
Cash and cash equivalents	\$ 80,800	\$ -	\$ 80,800
Property and equipment, net of accumulated depreciation	<u>-</u>	<u>531,457</u> (1)	<u>531,457</u>
Total Assets	<u>\$ 80,800</u>	<u>\$ 531,457</u>	<u>\$ 612,257</u>
<u>LIABILITIES AND FUND EQUITIES</u>			
Liabilities			
Accounts payable	<u>\$ 4,911</u>	<u>\$ -</u>	<u>\$ 4,911</u>
Total Liabilities	<u>4,911</u>	<u>-</u>	<u>4,911</u>
Fund Equity			
Fund balance-assigned	<u>75,889</u>	<u>(75,889)</u>	
Total Liabilities and Fund Equities	<u>\$ 80,800</u>		
Net position			
Invested in capital assets		531,457 (1)	531,457
Unrestricted		<u>75,889</u>	<u>75,889</u>
Total Net Position		<u>\$ -</u>	<u>\$ 607,346</u>

***Explanation**

Capital assets, including depreciation, are recorded on the statement of net position, but not within the fund statements of the Special Revenue Fund.

The accompanying notes are an integral part of these financial statements.

WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2012

	Special Revenue Fund	Adjustments*	Statement of Net Position
<u>ASSETS</u>			
Cash and cash equivalents	\$ 62,177	\$ -	\$ 62,177
Property and equipment, net of accumulated depreciation	-	411,621 (1)	411,621
Total Assets	<u>\$ 62,177</u>	<u>\$ 411,621</u>	<u>\$ 473,798</u>
<u>LIABILITIES AND FUND EQUITIES</u>			
Liabilities			
Accounts payable	\$ 7,495	\$ -	\$ 7,495
Total Liabilities	<u>7,495</u>	<u>-</u>	<u>7,495</u>
Fund Equity			
Fund balance-assigned	<u>54,682</u>	(54,682)	
Total Liabilities and Fund Equities	<u>\$ 62,177</u>		
Net position			
Invested in capital assets		411,621 (1)	411,621
Unrestricted		<u>54,682</u>	<u>54,682</u>
Total Net Position		<u>\$ -</u>	<u>\$ 466,303</u>

***Explanation**

Capital assets, including depreciation, are recorded on the statement of net position, but not within the fund statements of the Special Revenue Fund.

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue Fund	Adjustments*	Statement of Activities
<u>EXPENDITURES/EXPENSES</u>			
Advertising and promotion	\$ 6,512		\$ 6,512
Audit cost	535		535
Contract services	41,709		41,709
Depreciation	-	33,628 (1)	33,628
Dues and subscriptions	125		125
Employee benefits	79,406		79,406
Equipment purchases	153,464	(153,464) (1)	-
Janitorial services	1,030		1,030
Land lease	5,700		5,700
Office supplies	2,397		2,397
Program fees	9,834		9,834
Regulatory fees and licenses	11,145		11,145
Rent	13,162		13,162
Repairs and maintenance	1,747		1,747
Salaries	162,404		162,404
Telephone	1,550		1,550
Utilities	5,326		5,326
Total expenditures/expenses	<u>496,046</u>	<u>(119,836)</u>	<u>376,210</u>
<u>REVENUES</u>			
Memberships and contributions	74,659		74,659
Other revenue	6,229		6,229
Underwriting	65,828		65,828
Corporation for Public Broadcasting grant	124,697		124,697
In-kind support	245,840		245,840
Total revenues	<u>517,253</u>		<u>517,253</u>
Excess revenues over expenditures	21,207	(21,207)	
Change in net position		141,043	141,043

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue		Statement of
	Fund	Adjustments*	Activities
Fund balance(deficit)/Net position			
Beginning of the year	54,682		466,303
End of the year	<u>\$ 75,889</u>	<u>\$ -</u>	<u>\$ 607,346</u>

*Explanation

(1) Reclassify equipment purchases and record depreciation.

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue Fund	Adjustments*	Statement of Activities
<u>EXPENDITURES/EXPENSES</u>			
Advertising and promotion	\$ 7,855		\$ 7,855
Audit cost	34		34
Contract services	43,430		43,430
Depreciation	-	35,406 (1)	35,406
Dues and subscriptions	125		125
Employee benefits	75,686		75,686
Equipment purchases	47,729	(47,729) (1)	-
Janitorial services	1,030		1,030
Land lease	5,400		5,400
Loss on disposal of fixed assets	-	1,055	1,055
Office supplies	(211)		(211)
Program fees	6,440		6,440
Regulatory fees and licenses	9,493		9,493
Rent	26,448		26,448
Repairs and maintenance	7,783		7,783
Salaries	162,326		162,326
Telephone	1,320		1,320
Utilities	27,472		27,472
Total expenditures/expenses	422,359	(11,268)	411,091
<u>REVENUES</u>			
Memberships and contributions	105,374		105,374
Other revenue	5,220		5,220
Underwriting	68,646		68,646
Corporation for Public Broadcasting grant	116,554		116,554
In-kind support	151,213		151,213
Total revenues	447,007		447,007
Excess revenues over expenditures	24,648	(24,648)	
Change in net position		35,916	35,916

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue		Statement of
	Fund	Adjustments*	Activities
Fund balance(deficit)/Net position			
Beginning of the year	30,034		430,386
End of the year	<u>\$ 54,682</u>	<u>\$ -</u>	<u>\$ 466,303</u>

*Explanation

(1) Reclassify equipment purchases, record depreciation and loss on disposal of fixed assets.

The accompanying notes are an integral part of these financial statements.

WBRH RADIO STATION TRAINING PROGRAM

NOTES TO COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

WBRH's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although WBRH has the option to apply FASB pronouncements issued after that date to its business-type activities, WBRH has chosen not to do so. The more significant accounting policies established in GAAP and used by WBRH are discussed below.

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of WBRH have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The WBRH Radio Training Station Training Program (WBRH) operates the WBRH radio station and provides for the training of students. WBRH is managed and owned by the East Baton Rouge Parish School Board (the Board), and is accounted for as a special revenue fund of the East Baton Rouge Parish School Board.

The School Board complies with Generally Accepted Accounting Principles (GAAP). The School Board's reporting entity applies to all relevant Governmental Accounting Standards Board (GASB) pronouncements.

C. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS

WBRH's basic financial statements include both government-wide (reporting WBRH as a whole) and fund financial statements (reporting WBRH's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. WBRH's general administrative services are classified as governmental type activities.

In the government-wide Statement of Net Position, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. WBRH's net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. WBRH first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of WBRH's functions. The net costs by function are normally covered by general revenue.

This government-wide focus is more on the sustainability of WBRH as an entity and the change in WBRH's net position resulting from the current year's activities.

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

D. FUND ACCOUNTING

The financial transactions of WBRH are recorded in a separate fund and the fixed assets are recorded in an account group, each of which is considered a separate accounting entity. The separate fund is classified as a special revenue fund, which is a governmental fund type. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund balances, revenues and expenditures, or expenses as appropriate. The account group represents a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect net expendable available financial resources.

E. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

F. BUDGETS AND BUDGETARY ACCOUNTING

WBRH follows these procedures in establishing the budgetary data reflected in the combined financial statements:

Formal budgetary integration is employed as a management control device during the year for WBRH.

Special Revenue Funds' budgets that are not grant-oriented have annual appropriated budgets adopted prior to September 30 by the Board. Unencumbered appropriations of grant-oriented Special Revenue Funds are reappropriated at the beginning of the following fiscal year. Unencumbered appropriations of certain nongrant-oriented Special Revenue Funds lapse at the end of the fiscal year. These budgets are adopted on a basis consistent with GAAP.

All budget amounts presented in the combined financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. The Board approves all budget revisions.

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

H. CASH AND INVESTMENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with maturity dates within three months of the dates of acquisitions.

The Board is authorized to invest in U.S. Government securities and other allowable obligations issued or guaranteed by Federal agencies provided such obligations are backed by the full faith and credit of the United States of America; and certificates of deposit of financial institutions having principal offices within the State of Louisiana.

The Board maintains three checking accounts, exclusive of individual schools' bank accounts, with the Board's fiscal agent bank. These three accounts are the consolidated cash account and two interest bearing imprest accounts for the disbursements of payrolls and vendors.

I. CAPITAL ASSETS

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The amounts presented represent only those assets pertaining to WBRH, and not the entire school board. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Broadcast equipment	10-15 years
Furniture and fixtures	10 years
Office equipment	5 years

J. DONATED FACILITIES, SERVICES AND COSTS

The East Baton Rouge Parish School Board provides facilities, including utilities and building maintenance, for the use of WBRH. This provision is made at no cost to WBRH. Management has estimated that the fair market value of the facility usage, utilities and building maintenance at \$20,668 and \$53,405 for 2013 and 2012, respectively. The financial statements reflect \$20,668 and \$53,405 of support from this in-kind donation and \$20,668 and \$53,405 of expense in connection with facility costs in 2013 and 2012, respectively.

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

K. FUND EQUITY

WBRH implemented the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in the fund financial statements, effective July 1, 2010. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by WBRH but are not spendable until a budget ordinance is passed.

Unassigned - All amounts not included in other spendable classifications. WBRH has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet (page 9 and 10). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by WBRH or the assignment has been changed by WBRH. Decreases in fund balance first reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

2. BANK DEPOSITS

WBRH's cash is contained within the consolidated cash account referred to in Note 1. This bank account is shared by all of the funds of the Board, with each fund maintaining a balance within the account. WBRH's balance within this account was \$80,800 and \$62,177 as of June 30, 2013 and 2012, respectively.

Custodial credit risk for deposits is the risk that in the event of financial institution failure, WBRH's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. WBRH had no custodial risk as of June 30, 2013 and 2012.

Securities, that may be pledged as collateral, consist of obligations of the U.S. government and its agencies; obligations of the State of Louisiana and its municipalities and school districts.

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

3. CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets of WBRH are as follows:

<u>2013</u>	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
Broadcast equipment	\$ 586,749	153,464	3,705	\$ 736,508
Furniture and fixtures	1,323		1,323	-0-
Office equipment	4,979			4,979
Less accumulated depreciation	<u>-181,430</u>	<u>-33,628</u>	<u>5,028</u>	<u>-210,030</u>
Capital assets, net	<u>\$ \$411,621</u>			<u>\$ 531,457</u>

<u>2012</u>	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>
Broadcast equipment	\$ 555,535	47,729	16,515	\$ 586,749
Furniture and fixtures	1,323			1,323
Office equipment	5,597		618	4,979
Less accumulated depreciation	<u>-162,103</u>	<u>-35,406</u>	<u>16,079</u>	<u>-181,430</u>
Capital assets, net	<u>\$ \$400,352</u>			<u>\$ 411,621</u>

4. DEFINED BENEFIT PENSION PLANS

Plan Description

The full-time employees of WBRH are employees of the Board. All school board employees participate in either the Teachers' Retirement System or the School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems. Each system is administered and controlled by the State of Louisiana by a separate board of trustees with contribution rates and benefit provisions approved by the Louisiana Legislature. Participation in the Teachers' Retirement System is divided into two plans, the Teachers' Regular Plan and the Teachers' Plan A. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits under each plan.

Each of the Systems issues annual publicly available financial reports that include financial statements and required supplementary information for the system. These reports may be obtained by writing or calling:

Teachers' Retirement System of Louisiana	8401 United Plaza Boulevard Post Office Box 94123 Baton Rouge, Louisiana 70804-9123 (225)925-6446
Louisiana School Employees' Retirement System	8660 United Plaza Boulevard Baton Rouge, Louisiana 70809 (225)925-6484

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

Funding Policy

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the years ended June 30, 2013 and 2012, for the Board and covered employees were as follows:

<u>2013</u>	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	24.50%	8.00%
Plan A	30.00%	9.10%
School Employees' Retirement System	30.80%	7.50%
		(8% effective 7/1/2010 for new members)
 <u>2012</u>	 <u>School Board</u>	 <u>Employees</u>
Teachers' Retirement System:		
Regular Plan	23.70%	8.00%
Plan A	23.70%	9.10%
School Employees' Retirement System	28.60%	7.50%
		(8% effective 7/1/2010 for new members)

As provided by Louisiana Revised Statute 11:103, the Board's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the systems for the years ended June 30, 2013, 2012, and 2011, were \$37,962, \$36,710, and \$32,214, respectively, and were equal to the required contributions for each year.

5. LITIGATION AND CONTINGENCIES

WBRH is or may become a defendant in workers' compensation, personal injury, and certain personnel action lawsuits. Management and legal counsel for the Board believe that the potential claims against the Board, not covered by insurance, would not materially affect WBRH's financial position.

Federal Grants

In the normal course of operations, WBRH receives grant funds from the Corporation for Public Broadcasting. WBRH is subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

6. LEASE OBLIGATIONS

WBRH leases the land which one of its radio towers occupies. The current lease payment is \$450 per month. The original term of the lease expired December 31, 2012. Lessee was granted an option to renew and extend

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

this lease for a renewal term of five years, commencing at 12:01 A.M. on the date of expiration of each then-expiring term, which option shall automatically be exercised without any further action by Lessee unless Lessee gives written notice to Lessor no later than thirty (30) days prior to expiration of the initial term that the Lease shall not be renewed for an additional term. Management has renewed the lease for an additional five years. The lease payment for the renewal period is \$500 per month.

WBRH also leases tower space for its transmitter. The lease payment for the initial five year term was waived in consideration of the station performing certain actions required by the lessor. The original term of the lease expires July 31, 2015, and is renewable for three additional five years terms. The lease payment for the first renewal period will be \$350 per month and the station will reimburse the lessor for all charges for the electricity used to power the transmitter during each immediately preceding month of the first renewal term. The lease payments for the second and third renewal periods are to be mutually agreed upon by the parties.

Future minimum lease payments as of June 30, 2013 and 2012, under the operating leases referred to above are:

Years ending June 30:	<u>2013</u>	<u>2012</u>
2012	-	-
2013	-	5,700
2014	6,000	6,000
2015	6,000	6,000
2016	9,850	9,850
2017	10,200	10,200
thereafter	15,950	15,950

During the year ended June 30, 2013 and 2012, lease payments in the amount of \$5,700 and \$5,400, respectively, were charged to operations.

7. ON-BEHALF PAYMENTS FOR SALARIES AND RELATED BENEFITS

Salary and related benefit payments are made by the Board directly to an employee on behalf of WBRH. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the Board. For 2013 and 2012, the Board paid salaries and related benefit in the amounts of \$99,299 and \$97,808, respectively. These payments are recorded as revenues and expenditures (expenses) in the 2013 and 2012 financial statements.

8. EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through December 19, 2013, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

SPECIAL REVENUE FUND

	BUDGET ORIGINAL AND FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Memberships and contributions	\$ 95,000	\$ 74,659	\$ (20,341)
Other revenue	1,000	6,229	5,229
Underwriting	67,500	65,828	(1,672)
Corporation for Public Broadcasting grant	115,000	124,697	9,697
In-kind support	194,053	245,840	51,787
Total revenues	<u>472,553</u>	<u>517,253</u>	<u>44,700</u>
<u>EXPENDITURES</u>			
Advertising and promotion	10,600	6,512	4,088
Audit cost	5,500	535	4,965
Contract services	46,300	41,709	4,591
Dues and subscriptions	150	125	25
Employee benefits	78,218	79,406	(1,188)
Equipment purchases	16,000	153,464	(137,464)
Janitorial services	1,030	1,030	-
Land lease	5,700	5,700	-
Office supplies	4,600	2,397	2,203
Program fees	9,400	9,834	(434)
Regulatory fees and licenses	12,575	11,145	1,430
Rent	64,560	13,162	51,398
Repairs and maintenance	10,860	1,747	9,113
Salaries	163,529	162,404	1,125
Telephone	2,000	1,550	450
Travel	50	-	50
Utilities	28,470	5,326	23,144
	<u>459,542</u>	<u>496,046</u>	<u>(36,504)</u>
Excess revenues over (under) expenditures	13,011	21,207	8,196
Fund balance, beginning of the year	<u>54,682</u>	<u>54,682</u>	<u>-</u>
Fund balance (deficit), end of the year	<u>\$ 67,693</u>	<u>\$ 75,889</u>	<u>\$ 8,196</u>

The accompanying notes are an integral part of these financial statements.

WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SPECIAL REVENUE FUND

	BUDGET ORIGINAL AND FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Memberships and contributions	\$ 95,000	\$ 105,374	\$ 10,374
Other revenue	1,000	5,220	4,220
Underwriting	76,000	68,646	(7,354)
Corporation for Public Broadcasting grant	119,446	116,554	(2,892)
In-kind support	193,473	151,213	(42,260)
Total revenues	<u>484,919</u>	<u>447,008</u>	<u>(37,911)</u>
<u>EXPENDITURES</u>			
Advertising and promotion	10,600	7,855	2,745
Audit cost	5,500	34	5,466
Contract services	54,720	43,430	11,290
Dues and subscriptions	125	125	-
Employee benefits	76,782	75,686	1,096
Equipment purchases	13,000	47,729	(34,729)
Janitorial services	1,030	1,030	-
Land lease	5,400	5,400	-
Office supplies	3,450	(211)	3,661
Program fees	31,056	6,440	24,616
Regulatory fees and licenses	9,412	9,493	(81)
Rent	64,560	26,448	38,112
Repairs and maintenance	11,140	7,783	3,357
Salaries	163,379	162,326	1,053
Telephone	2,420	1,320	1,100
Travel	50	-	50
Utilities	28,470	27,472	998
	<u>481,094</u>	<u>422,360</u>	<u>58,734</u>
Excess revenues over (under) expenditures	3,825	24,648	20,823
Fund balance, beginning of the year	<u>30,034</u>	<u>30,034</u>	<u>-</u>
Fund balance (deficit), end of the year	<u>\$ 33,859</u>	<u>\$ 54,682</u>	<u>\$ 20,823</u>

The accompanying notes are an integral part of these financial statements.

SCHEDULES

WBRH RADIO STATION TRAINING PROGRAM
Summary Schedule of Findings
Year Ended June 30, 2013

A. Findings-financial statement audit:

1. None

WBRH RADIO STATION TRAINING PROGRAM
Summary Schedule of Prior Year Findings
Year Ended June 30, 2012

A. Findings-financial statement audit:

1. None

**WBRH RADIO STATION TRAINING PROGRAM
SCHEDULE OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Change in net position	\$ 141,043	\$ 35,916
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation	33,628	35,406
Loss on disposal of fixed assets	-	1,055
Increase (decrease) in accounts payable	<u>(2,584)</u>	<u>(183,864)</u>
Total adjustments	<u>31,044</u>	<u>(147,403)</u>
Net Cash Provided (Used) by Operating Activities	<u>172,087</u>	<u>(111,487)</u>
Purchases of fixed assets	<u>(153,464)</u>	<u>(47,729)</u>
Net Cash Provided (Used) by Investing Activities	<u>(153,464)</u>	<u>(47,729)</u>
Net increase (decrease) in cash	18,623	(159,216)
Cash at beginning of the year	<u>62,177</u>	<u>221,393</u>
Cash at end of the year	<u>\$ 80,800</u>	<u>\$ 62,177</u>

The accompanying notes are an integral part of this schedule.